

Iowa Racing and Gaming Commission
MINUTES
August 24, 2017

The Iowa and Racing Gaming Commission (IRGC) met on Thursday, August 24, 2017 at Riverside Casino & Golf Resort (RCGR). Commission members present were as follows: Richard Arnold, Chair, Kris Kramer, Vice Chair; and members Carl Heinrich, Jeff Lamberti. Commissioner Dolores Mertz was excused.

Chair Arnold called the meeting to order at 8:30 AM on Thursday, August 24, 2017. Chair Arnold welcomed those present at the meeting, and thanked Riverside staff for hosting the Golf Tournament as it was a very enjoyable day.

Dan Franz, General Manager of RCGR, welcomed the Commissioners, Commission staff, and fellow Iowa gaming company representatives to the facility and thanked the commission for allowing them the privilege of hosting this meeting and the golf tournament.

Mr. Franz was hopeful everyone enjoyed the course and festivities yesterday. Mr. Franz extended an invitation to Riverside at any time, which at one time was a cornfield and farm, but has been built into a little bit of a paradise in this Iowa countryside. At this time, Mr. Franz introduced Mr. Tom Basten, Secretary of the Washington County Riverboat Foundation (WCRF).

Mr. Basten welcomed the commissioners to RCGR, the largest employer in Washington County. Mr. Basten is proud to announce this year they exceeded the \$40,000,000 mark in grants awarded since the casino opened in 2006. Overall, they have given 23% of these grants outside of the county of Washington to 9 other counties; Louisa, Iowa, Johnson, Linn, Henry, Jefferson, Polk, Muscatine and Keokuk. This year 33% of their grant awards went to groups outside of Washington County.

One of their larger grants this year was \$200,000 awarded to Lone Tree schools in Johnson County so they could amass funds to complete their Lone Tree Wellness Center. Several weeks ago WCRF awarded mini grants of \$2,000 or less to 52 non-profits, which will be used to improve the quality of life in their community. Some examples provided include replacing lighting to LED at the Columbus Community Senior Center, downtown improvements in Keota, a flagpole to properly thank our veterans in the Louisa County area, and landscaping in Washington County.

Mr. Basten stated that the impact this casino has had on areas which fellow Iowan's enjoy has been tremendous. One example is Lake Darling State Park.

Since the beginning of this casino and the Washington County Riverboat Foundation, this park has received over \$1.3 million in grants through the efforts of groups such as Friends of Lake Darling, Isaac Walton League, the Lake Darling Youth Center, the Lion's Club and the City of Brighton.

Mr. Basten focused briefly on the Friends of Lake Darling and the impact this casino has had on them. This group started out years before this casino was ever a reality as a group of citizens concerned about the declining condition of their local state park. They were proud to raise \$1,000 to \$2,000 each year for help with maintenance and pay for park improvements. This group has been able to direct some of the \$1.3 million of foundation money with other fund raising efforts to not only continue with maintenance assistance, but also to build 6 year-round two bedroom cabins, a lodge that seats 200 people, a playground, and a trail bridge to connect the two campgrounds. Last year the Friends of Lake Darling were honored at the National Association of State Park Directors meeting held in Indiana as the recipients of the President's Award for local organizations. Their competition was from all 50 states in the nation, with several groups in each state, and the Friends of Lake Darling won this award.

Mr. Basten closed by saying thank you on behalf of the WCRF. Chair Arnold thanked Mr. Basten for his presentation.

APPROVE AGENDA: Chair Arnold requested a motion to amend the agenda as Item 5.A. will be withdrawn. Commissioner Lamberti made a motion to approve the meeting agenda as amended with the removal of Item 5.A, seconded by Commissioner Kramer, which carried unanimously.

APPROVE MINUTES: Chair Arnold requested a motion to approve the minutes from the July 13, 2017 meeting. Commissioner Heinrich moved to approve the minutes, seconded by Commissioner Kramer, which carried unanimously.

ANNOUNCEMENTS: Brian Ohorilko, Administrator of the IRGC, stated the next commission meeting will be in Cedar Rapids on Tuesday, September 26, 2017, at the Doubletree Convention Complex. This is a special meeting dedicated to the Linn County Application process. An agenda will be posted, but the tentative plan is to start the site visits at 8:30 a.m. with a break for lunch and public comment beginning about 1:00 p.m. After public comment the commissioners will have an opportunity to ask questions of the applicants.

Mr. Ohorilko confirmed the following commission meeting will be on October 12, 2017 at Emmetsburg Wild Rose Casino & Resort, with agenda items due in the commission office by September 28. The final meeting of the year will be on November 16, 2017 at Diamond Jo Casino in Dubuque.

Mr. Ohorilko recognized both commission staff present here at Riverside, Scott Ditch and Sue Hansen.

REVIEW OF LICENSEE'S FINANCIAL AUDITS: Casino Queen Marquette, Inc., IOC Bettendorf, L.C., and IOC Black Hawk County, Inc. – Sally Rogers, Sr. Director of Finance, of the Isle in Bettendorf, along with Grant Gubbrud, Sr. Director of Finance from the Isle of Waterloo. Before the commission were financial statements from the Fiscal Year Ending 2017. The highlight has been the grand opening of the land-based facility in Bettendorf in June of 2016, which has been very well received by their customers. Their employees are very excited about it also. They ended the year with an increase of 10 percent more revenue than the previous fiscal year, which is excellent news. Ms. Rogers offered to answer any questions. There were no questions at this time.

CONTRACT APPROVALS:

- B. Ameristar Casino Council Bluffs, LLC – Paul Czak, General Manager, presented 5 contracts for Commission approval: 1) Gasser – Slot Chairs (OSV); 2) Hawkins Construction – Design and Construction Master Agreement (OSV); 3) Marnell Architecture (OSV) – new restaurant concept, hotel, restroom (OSV); 4) Meat by Linz – Meat Product (OSV); 5) Tai Ping Carpets Americas, Inc. – Casino Ramp & Parking Garage Carpet (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich motioned to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.
- C. Dubuque Racing Association, Ltd. d/b/a Q Casino – Jesus Aviles, General Manger, presented 3 contracts for Commission approval: 1) CNJ Sound – Labor and Equipment for Concerts; 2) Imagine This, Inc. – Promotional Gifts and Items (OSV); 3) RDG Planning & Design – Consulting on Schmitt Island Master Plan. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.
- D. IOC Bettendorf, L.C. – Nancy Ballenger, Vice-President & General Manager, presented 3 contracts for Commission approval: 1) Performance Food Group (PFG) – Food vendor; 2) Foundry LLC – Advertising and Production Agency (OSV); 3) WPP Group USA, Inc. – Maxus Communications – Advertising Production Agency (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.
- E. IOC Black Hawk County, Inc. – Todd Connelly, General Manager, presented 2 contracts for Commission approval: 1) Loffredo Fresh Produce Co. Inc. – Produce Vendor for Food Outlets; 2) Data Business Equipment – Purchase Two Currency County Machines. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer made a motion to approve the contracts, seconded by Commissioner Heinrich, which carried unanimously.
- F. Diamond Jo, LLC – Wendy Runde, General Manager, presented 4 contracts for Commission approval: 1) ISM LLC – Liquor /Beer Purchases; 2) Express Services Inc. – Staffing Services; 3) USA Security Inc. – Surveillance System Upgrade; 4) Windstar Lines – Motor Coach Transportation. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer made a motion to approve the contract, seconded by Commissioner Heinrich, which carried unanimously.
- G. Diamond Jo Worth, LLC – Kim Pang, General Manager, presented 2 contracts for Commission approval: 1) Martin Bros. Distributing – increase in amount of prior approved contract; 2) Northwood Hotel Ventures LLC – Comped Hotel Rooms for Players. Chair Arnold asked if the Northwood Hotel was connected to Diamond Jo Worth Casino. Mr. Pang explained it is connected to the casino and is a Country Inn & Suites with 102 rooms. Chair Arnold asked if there have been any capital improvements. Mr. Pang reported they are undergoing capital improvements and it should be completed by the end of the year. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contract, seconded by Commissioner Heinrich, which carried unanimously.

- H. Grand Falls Casino and Golf Resort, LLC – Sharon Haselhoff, General Manager, presented 2 contracts for Commission approval: 1) Best Buy For Business – Television Replacement Purchase; 2) Paradise Artists – Entertainment Talent Booking Agency (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the contract, seconded by Commissioner Kramer, which carried unanimously.
- I. Riverside Casino and Golf Resort, LLC – Dan Franz, General Manager, presented 4 contracts for Commission approval. 1) Billion Chev Buick GMC Cadillac – Motor Vehicle Purchases; 2) Brintons – Resort Renovation Project Casino Floor Carpeting (OSV); 3) WME-IME Holdings, LLC – Entertainment Booking Agent Expense (OSV); 4) Zurich North America – Insurance (OSV). Commissioner Lamberti asked a question on the Insurance Contract with Zurich. Commissioner Lamberti noted there were a couple of bids with obviously large companies in Boston and New York. Commissioner Lamberti asked if this was placed for bid in Iowa.

Mr. Franz reported they use Marsh, a broker, who Riverside has had a relationship with since Riverside began. Mr. Franz informed the Commissioners they do ask Marsh to look at Iowa companies. What Marsh conveys to them with the casino operation, resort size and coverages they are looking for, the Iowa companies are not competitive. Going forward, Mr. Franz will emphasis to Marsh to ensure these Iowa companies which are considered in the process are properly documented. Commissioner Lamberti agreed it would be helpful. Hearing no further questions, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.

- J. SEC Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City – Kevin Sweet, Assistant General Manager, presented 5 contracts for Commission approval: 1) Buzz Creative Group, LLC – Marketing Agency (RP); 2) Creative Artists Agency – Talent Agent & Deposits (OSV); 3) Fish Guys, Inc. – Food Supplier (OSV); 4) Jones Family Farms, Inc. d/b/a Claussen's Nursery – Property Maintenance Agreement; 5) W.A. Klinger, LLC – General Contractor for Construction Projects. Hearing no questions or comments, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.
- K. Wild Rose Emmetsburg, LLC – Tom Timmons, President & Chief Operating Officer, presented 2 contracts for Commission approval: 1) Waldinger Corporation – Repairs & Maintenance; 2) R&D Industries – Audio Visual Upgrade. Hearing no questions or comments, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contracts, seconded by Commissioner Kramer, which carried unanimously.
- L. Wild Rose Jefferson, LLC – Travis Dvorak, General Manager, presented 1 contract for Commission approval: 1) Liebl Marketing Group – Marketing/Advertising Buyer. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer made a motion to approve the contracts, seconded by Commissioner Heinrich, which carried unanimously.

- M. Harveys Iowa Management, Inc. d/b/a Harrah's Council Bluffs – Lorraine May, legal counsel, presented 2 contracts for Commission approval: 1) MN Airlines LLC (dba Sun Country Airlines) – Private Charter Company; 2) PC Connection Sales Corporation – Apple Products Supplier (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the contract, seconded by Commissioner Lamberti, which carried unanimously.
- N. Iowa West Racing Association d/b/a Horseshoe Casino Council Bluffs – Lorraine May, legal counsel, presented 2 contracts for Commission approval: 1) MN Airlines LLC (dba Sun Country Airlines) – Private Charter Company; 2) PC Connection Sales Corporation – Apple Products Supplier (OSV). Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Kramer made a motion to approve the contract, seconded by Commissioner Lamberti, which carried unanimously.
- O. Iowa Greyhound Association – Brian Carpenter, General Manager, presented 2 contracts for Commission approval: 1) Crawford & Mauro Law Firm – Services Rendered to Create Simulcasting at Bluffs Run and pursue simulcasting in additional casinos; 2) Crawford & Mauro Law Firm – Monthly Retainer Agreement for Legal & Consulting Services. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Heinrich made a motion to approve the contract, seconded by Commissioner Kramer, which carried unanimously.
- P. Prairie Meadows Racetrack and Casino, Inc. d/b/a Prairie Meadows Racetrack & Casino – Gary Palmer, President & CEO, presented 2 contracts for Commission approval: 1) ADP (Automatic Data Processing) – Payroll & Human Resources Software; 2) True North Companies – Insurance Brokerage Services. Hearing no comments or questions, Chair Arnold requested a motion. Commissioner Lamberti made a motion to approve the contract, seconded by Commissioner Heinrich, which carried unanimously.

PUBLIC COMMENT: Chair Arnold requested any public comment at this time. There were no public comments forthcoming.

ADMINISTRATIVE BUSINESS: Recap of Prairie Meadows Thoroughbred Season – Derron Heldt, Director of Racing, presented a review of the recent Thoroughbred meet. It was a very good meet this year. The handle increased by double digits over the previous year. This was due to a couple of new initiatives. They created a new bet called Jackpot Pick 5, where players had to pick the last 5 winners of the last 5 races on the race card. The players had to possess the winning tickets. There were a couple of carry overs for this bet, which increased the Jackpot to over \$100,000. It took a few weeks for it to get that large with bets both on track and off track so this created a lot of interest.

Mr. Heldt described another new initiative this year which took place on Thursday nights. Prairie Meadows partnered with TVG race horse channel that broadcasts races around the country. Mr. Heldt reported all the on-air personalities collaborated together and created a Pick 4 where players had to pick the last 4 winners. Prairie Meadows had a lot of coverage on this race horse channel throughout the country and worked hard in promoting this bet on and off track which really increased the handles and was very positive on the campus side.

Mr. Heldt said Prairie Meadows' average field size was 7.1, which is near what they did last year. Prairie Meadows works hard to get this number and were pleased to be able to maintain the number from last year, which was a positive.

Mr. Heldt indicated for Iowa Breds, Prairie Meadows offered at least one Iowa Bred race a day and this year they averaged 2.5. The Iowa Bred opportunity has grown more than what is offered per their contract. They had an additional 62 Iowa Bred horses that ran in open company, which are open races they can participate in and the horses did very well running those races.

Mr. Heldt advised Prairie Meadows had a very safe race track this year for both humans and horses. There were 4 catastrophic injuries which the state racing commission veterinarians indicated is consistent with other racing programs. There were 4,200 horses which started and the industry standard is 1 catastrophic injury per 1,000 starters so Prairie Meadows is right at the industry average or slightly below, which is positive. Prairie Meadows continues to work hard on this area. Prairie Meadows sends their track superintendent to a yearly conference pertaining to track surfaces so they can have current and up-to-date information about what is happening with race tracks around the country.

Mr. Heldt reported the highlight of the season is the Festival of Racing which falls in the second week of July. There were 6 major races offered with a purse of \$100,000 or more. Horses from all over the country come to Prairie Meadows to participate in these races. There was a great balance of quality horses day in and day out on the backside this year which ran very well and participated in our Festival of Races. An Iowa Bred horse won one of the Festival races.

Mr. Heldt said the Thoroughbred meet final weekend was two weeks ago. On Friday evening the Prairie Meadows Hall of Fame was held. One thoroughbred and one quarter horse were inducted. These are horses which have participated at Prairie Meadows during their racing careers and now have become brood mares producing Iowa foals and foals born in other states. These foals have gone on to race at other tracks and Prairie Meadows doing very well. These two horses were very good inductees to be placed in the hall of fame.

Mr. Heldt announced there were also two individuals inducted into the Hall of Fame; Butch Hammer and Dr. Keith Soring. Mr. Hammer has been influential in quarter horse racing for many years and very active on Youth Days. Dr. Soring was a practicing veterinarian and has been a state veterinarian for years. Both are great individuals and very deserving to be in the Hall of Fame due to their excellent representation of horse racing.

In closing, Mr. Heldt discussed the Prairie Meadows Race Club created in April of this year. This was an initiative to create new interest in horse race ownership. There were 98 individuals who put forth \$300 each to purchase a race horse. About 3 weeks into the meet they were able to claim a horse, How about Him. How about Him raced 4 times with 2 wins, 1 second place and finished really well a couple of other times. The Prairie Meadows Race Club was a very educational not for profit club put together for individuals to learn more about horse ownership. Mr. Heldt announced Prairie Meadows will begin working on club memberships to offer a Race Club 2 next year.

ADJOURN: Chair Arnold requested a motion to adjourn after hearing no further business to come before the Commission. Commissioner Kramer so moved, seconded by Commissioner Lamberti. The meeting was adjourned at 9:00 AM.

MINUTES TAKEN BY:

LINDA M. SAMPLE